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**Effects of Finance Availability on the Performance of Post Retirement Business
Enterprises in Ugunja sub County, Siaya County.**

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ABSTRACT**ARTICLE INFO****Article History:**

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The study sought to assess the influence of finance availability on the performance of post retirement businesses in Ugunja Sub-county, Siaya County. It adopted a descriptive survey research design and inferential statistics. The target population for the study was 80 retirees. The researcher used census and collected data using questionnaires. The instrument was validated by the supervisors. Reliability of the instrument was determined through a pilot study where a Cronbach alpha coefficient of 0.708 was obtained from the instrument. This indicated that the instrument was reliable. Quantitative data was analyzed using descriptive statistics and inferential statistics and

presented in tables. The study established that finance availability with p -values ($p= 0.000$) significantly affect performance of post retirement business enterprises. The study recommends that the government and other organization should facilitate loans for the retirees to enable them have sufficient funds. They should also be taught the importance of saving which provides capital for enterprises. They should know that retirement planning starts on the first day you commence employment hence thorough planning.

Introduction

Retirement is one among the biggest changes in the lives of individuals as it marks a changeover

from one period to another period in life. The mandatory age at which individuals are ripe for retirement vary from country to country and may often times be based on the occupation of the

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individuals or even gender. Generally, retirement age ranges from the age of 55- 75 years. Post retirement business enterprises play an important role in poverty alleviation of the elderly and these elderly are one of the most vulnerable groups in any society (Stewart and Yermo, 2012). Yet, according to the International Labor Organization (ILO), only one in five workers is covered by adequate social security scheme. Also 85% of the world's population has no retirement benefit at all (Holtzman and Hinz, 2010).

It is pertinent to argue that employees need to plan, adopt and implement strategies to ease the pain and problems associated with retirement. Since retirement is not what one could avoid except death, it is advisable and appropriate to start preparation immediately one gets employment. Scholars have suggested various strategies that employees can adopt to ease the pain of retirement. One of such strategies has seen many retired employees in Kenya start businesses after retirement, although majority of them are facing challenges either in managing their businesses, obtaining the capital and ensuring that the business grows to corporate business entity. Going into business is thought to play an important role in transforming one's life. This is thought so because some of the members in the society who have ventured into business have equally had successful lifestyles (Nyakundi, 2009).

Such businesses apart from providing revenue to the government also become major sources of self-employment. It is in this background that the retirees opt to venture into business projects with the aim of earning extra income and to help them get busy. In the recent past, many retirees in Kenya have ventured in business (RBA survey, 2006). Although efforts have been made by

various stakeholders to support and enhance the success of such businesses that have been put up by the retirees, they are still performing poorly. According to the Retirement Benefits Authority survey of 2006, most business projects started by retirees collapse within the first three years but it still remains the most alluring preference for retirees. This implies that a circumstantial variability is inexistence despite the same external environment and majority of the internal factors; still retirees who start same businesses on the same financial footing end up not achieving the same results (Karingiti, 1999). It is as a result of this variation in business returns and business sustainability that this study intends to find out. Therefore this study seeks to find out the effects of finance availability on the performance of post retirement business enterprises in Ugunja Sub County, Siaya County.

Literature review

The studies conducted by Ibrahim (1986), provide evidence that finance availability are critical factors in both the failure and success of businesses (Lichtenstein & Brush, 2001). They illustrate the major cause of failure rest in the lack of knowledge in accounting, marketing need management and cash flow knowledge. Weaknesses in these areas are found to impact on all other areas of the business. A study by the World Bank discovered that up to 90% of small enterprises surveyed affirmed that the major constraint to new investment was credit (Parker et al., 1995).

Levy (1993) also discovered that the limited access to financial resources by small enterprises contributed generally to their low growth and development when compared to their larger counterparts. This results from the concept that they have limited access to capital markets due to the high risks involved. It is also as a result of the

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barriers that exist in communication, and the high intermediation cost for the smaller firms (Biekpe, 2004). A lack of management knowledge is a major constraint hindering the progress of the post retirement enterprises in Kenya. The macro-environment consists of relationship between the firm and the stakeholders. It is in this relationship that the firm's costs, quality and overall success of a business can be affected.

Although the proposed economic liberalization move in the late 1980s and 1990s was designed to bring down distortions in the economy; deregulation of markets has had adverse impact on enterprises (Seasonal Paper No. 2, 2005). The impact includes the instability that has increased in macro economies which is featured by the rising levels of inflation, current accounts deficiency and uncertainty of policies. Essential regulations for business owners include state actions relating to contract enforcement, property rights, including intellectual property, corporate governance, taxation and financial reporting, employment and health and safety, trading standards and consumer rights, environmental protection, premises and planning rules, data protection, transport. Environmental regulations concerning the storage and use of hazardous substance are likely to have a greater impact on certain sectors than others, for example, agriculture, manufacturing and transport and communications businesses (Carter et al., 2004). In infrastructure planning, Ombura (1997), points that infrastructural networks are instruments which are useful within the network economies. Infrastructure is fed by trade and vice versa. It also enhances foreign investment, and enhances the sustainability as well as the creation of industries. This will result in reduced costs hence increasing competitiveness. A planning approach that is spatial ensures a more efficient use of land through the balancing of competing

demands within sustainable development context (Roze, 2003). It becomes an unbroken process of change management by various actors, in the interests of sustainable development (Tewdwr, 2004). This makes efforts to promote industrial development extremely urgent and rural focused. Entrepreneurial and post retirement business enterprises are complex in their performance and hence this complexity should be examined critically.

This is because these small and medium enterprises are important and that they play a very important role in the Kenyan economy. According to the Economic Survey (2006), the sector was found to contribute over 50% of all the new jobs that were created in the year 2005. Remember that post retirement businesses has a major percent in this. In spite of the significance to the economy, it was also discovered that out of every five businesses, three of them were shown to fail within the first few months of being in operation. (Kenya National Bureau of Statistics, 2007).

According to Amyx (2005), the negative perceptions that exist towards business enterprise is a significant challenge. Potential clients tend to perceive small enterprises as missing the capacity to provide the quality services and are unable to satisfy more than one critical project simultaneously. As with many developing countries, there is limited research and scholarly studies about the post retirement enterprises in Kenya.

The 1999 National Baseline Survey conducted by Central Bureau of Statistics, ICEG and K-Rep Holdings provides the most recent comprehensive picture of business enterprises in Kenya. Mead (1998), states that the health of the economy generally relates with the health and nature of business enterprise sector. This means

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that the chances of an expanded and profitable employment are limited whenever the state of the macro economy is less favorable. This is true especially for those businesses that have linkages to large enterprises and the economy at large.

Access to finances is essential to the survival and performance of any business enterprise. As it the life-blood of any business enterprise and no enterprise, no matter how well managed, can survive without enough funds for working capital, fixed assets investment, employment of skilled employees and development of markets and new products and the availability of finance is positively associated with productivity and growth (GFPI, 2011). Small and medium enterprises (SMEs) need financing for two basic purposes: I) financing the production cycle once it has been stabilized (i.e. working capital financing); and, ii) financing capital expenditures to expand the current business, to create new ones, or simply for maintenance purposes (e.g. plant and equipment maintenance or updates) (World Bank, 2014).

Finance small and medium enterprises (SME) needs quite different scenarios in terms of the amount of funds required, the repayment period and the nature of the specific risks involved, among other elements. Most Small and medium enterprises (SMEs) rely on internal financing, and/or short-term credit from suppliers, and/or some specialized financial products (Mbaguta, 2002; World Bank, 2014). Only rarely Small and medium enterprises (SMEs) recur to a direct loan from banks or other financial institutions to finance their needs. Small and medium enterprises (SMEs) sometimes rely on internal financing, often involving fresh capital injections from shareholders, although in many cases small and medium enterprises (SMEs) tend to recur to long-term financing from financial institutions, mainly in the form of outright loans from banks

and some hire purchase and leasing products (Bonin & Wachtel, 2003; World Bank, 2014).

The two basic forms of financing for businesses are internal financing and external financing. The basic internal financing sources are the retained or undistributed profits from the business obtained in previous years and fresh capital injections by the owner (s) of the Small and medium enterprises (SMEs). In turn, external financing can be provided by financial institutions, suppliers and other types of creditors (World Bank, 2014). Financing small and medium enterprises (SMEs) needs quite different scenarios in terms of the amount of funds required, the repayment period and the nature of the specific risks involved, among other elements (Wattanapruttipaisan, 2002; World Bank, 2014). Most Small and medium enterprises (SMEs) rely on internal financing, and/or short-term credit from suppliers, and/or some specialized financial products. Only rarely Small and medium enterprises (SMEs) recur to a direct loan from banks or other financial institutions to financing their needs (Wilkinson & Brouthers, 2006; World Bank, 2014).

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institutions, suppliers and other types of creditors (World Bank, 2014).

Findings from previous studies Abor (2007), Kristiansen et al. (2003), MohdShariff et al. (2010), and World Bank (2014) find a significant negative effect of financing on company performance. The estimated negative effect is stronger in the pre-crisis period, when taking into account the reverse causality between financing and company performance.

In addition, we find that companies that had some foreign debt financing performed better than their counterparts. At the same time, the presence of foreign debt amplifies the negative effect of total leverage on company performance. Most of the companies depend on debt as against equity for financing, long-term debt relatively represents the major component of total debt. Furthermore, while some companies rely heavily on long-term debt as a financing scheme, companies in some economies on the other hand use more of short-term debt to financing their operations. Findings from previous studies also small and medium enterprises (SMEs) confirmed that access to financing is amongst the most critical factors determining the competitive readiness of regional small and medium enterprises (SMEs) (Grandon & Pearson, 2004).

Herrington et al. (2009) point out that access to finance is a major problem for the entrepreneur. Lack of financial support is one of the causes of weak performance and failure of SMEs Zou et al. (2009) use the Resource Based View (RBV) to demonstrate the importance of financial capital to the performance of SMEs. Access to financial capital to purchase fixed and current assets is important to a sustaining a firm's competitive advantage. According to Atieno (2009), a vast majority of SMEs depend on internal finance (contribution from the owners, family and friends). However, the growth of SMEs is

constrained by dependence on internal finance. In contrast, firms that make use of external funds exhibit growth rates far above what can be supported by internal finance. Therefore, SMEs often need capital from external sources.

According to Lucey (2010), the two primary sources of external finance for new SMEs are equity and debt. External equity in the form of venture capital or the stock exchange is usually not available for SMEs. According to the South African Venture Capital Association (2008) there are at least 65 venture capital funds in South Africa controlling a total of R29 billion with an average investment size of R15.4 million. However, venture investment with a SME focus is approximately R1.1 billion which is only 3.8% of the funds. This indicates that the availability of external equity is limited for SMEs.

According to Blumberg and Letterie (2008), the lack of external equity makes many SMEs dependent on debt finance especially bank loans and trade credit. Tang et al. (2008) argue that without adequate resources, all strategic intentions and plans are going to fail. Covin and Lumpkin (2011) point out that the dimensions of entrepreneurial disposition involve a high level of resources or capital commitments by the firm.

Haung et al. (2011) note that firms characterized by risk-taking behaviour often make large resource commitments with a view of securing high returns by seizing opportunities in the market place. In addition, entrepreneurs depicting risk-taking behavior show more willingness to take on risky resources such as external financial capital. Firms that are proactive and competitively aggressive have forward-looking, opportunity seeking perspective. Proactiveness is important in establishing links and networks with the various sources of finance.

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In addition as pointed out by Li et al. (2008) innovativeness refers to a firm's ability to engage and support new ideas, novelty and experimentation. Innovation requires the commitment of financial resources. Mukiri (2011) argues that firms that have an entrepreneurial disposition are more prone to focus attention and effort toward emerging opportunities such as links with the providers of capital. This suggests that for EO to be successful, a firm will need to commit financial resources. In addition, firms that have an EO strategic focus may be able to access debt capital due to better relationships with the providers of debt capital.

Methodology

This study employed descriptive survey design. Oliver (2006) defines research design as to all pragmatic aspects of the way the research should be carried out. According to Kothari (2008) the research design is the conceptual structure within which research is conducted, it constitutes blue prints for data collection from retirees, measurement and analysis of collected data.

A number of 80 retirees were used for the study. Retiree of both genders male and female was considered. The source of information was from Siaya Retirees Entrepreneurs association

registered under the ministry of social services.

The study made use of Census method which is a study of every unit, everyone or everything in a population hence all the 80 retirees participated in the study. The study employed census method because the entire population is very small.

Data Analysis

Descriptive statistics such as frequency counts of the retirees was done using statistical records. Closed-ended questions were coded before being keyed into a computer using the Statistical Package for Social Sciences (SPSS). The study also made use of chi-square test the p- value was used to determine whether observed sample frequencies differ significantly from expected frequencies specified.

Results and Discussion

This paper sought to investigate the effects of finance availability on the performance of post retirement business enterprises in Ugunja sub County, Siaya County.

Descriptive statistics

For analysis, frequency, percentages and mean ratings of response for each item were investigated and summarized in Table 1 below:

Table 1

Statement on financial availability		SA	A	U	D	SD	MEAN
As an entrepreneur, there should be financial reserve in the business	F	40	35	0	1	1	4.45
	%	51.9	45.5	0	1.3	1.3	
As an entrepreneur one should have access to credit facilities before	F	44	29	4	0	0	4.52
	%	57.1	37.7	5.2	0	0	
There should be other financial assistance apart from your own benefits	F	59	18	0	0	0	4.77
	%	76.6	23.4	0	0	0	
For the business to be successful the cash flow should be adequate	F	63	14	0	0	0	4.82
	%	81.8	18.2	0	0	0	

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Table 1 shows that 40(51.9%) of respondents strongly agreed with the statement that as an entrepreneur, there should be financial reserve in the business, 35(45.5%) respondents agreed, 1(1.3%) disagreed and another 1(1.3%) strongly disagreed while none 0 (0.0%) respondents was undecided on the statement. The study findings suggested that the respondents agreed (Mean=4.45) that as an entrepreneur, there should be financial reserve in the business.

In addition, 44 (57.1%) respondents strongly agreed with the statement that as an entrepreneur one should have access to credit facilities before, 29 (37.7%) respondents agreed, 4 (5.2%) respondents were undecided on the statement while none 0 (0.0%) of the respondents disagreed and strongly disagreed with the statement. It emerged from the study that the respondents tended to strongly agree (Mean=4.52) that as an entrepreneur one should have access to credit facilities before.

Similarly, 59 (76.6%) respondents strongly agreed with the statement that there should be other financial assistance apart from your own benefits, 18(23.4%) respondents agreed while none 0(0.0%) of the respondents was undecided, disagreed and disagreed with the statement. The study findings suggested that the respondents tended to strongly disagree (Mean=4.77) that there should be other financial assistance apart from your owners benefits.

Finally, 63 (81.8%) respondents strongly agreed with the statement that for the business to be successful the cash flow should be adequate, 14(18.2%) respondents agreed while none 0

(0.0%) of the respondents was undecided, disagreed and strongly disagreed with the statement. It emerged from the study that the respondents tended to strongly agree (Mean=4.82) that for the business to be successful the cash flow should be adequate..

It is justified by Economic the findings Survey (2006) that the limited access to financial resources by business enterprises contributed generally to their low growth and development when compared to their larger counterparts.

This is also in line with the findings of World Bank (2014) that financial availability affects business performance. This implies that that an increase in finance by post retirement entrepreneurs enhances the performance of post retirement business enterprises.

These descriptive statistics of objective two was followed by a Chi-square test to investigate the relationship between financial availability and the performance of post retirement business enterprises. This was analyzed under the following sub-section.

Chi-square tests

The Chi-square test at $p \leq 0.05$ significance level illustrating statistically significant relationship between financial availability and the performance of post retirement business enterprises are as summarized in Table 2. Therefore, Table 2 presents the Chi-square test that was conducted to find out the influence of the financial availability on the performance of post retirement business enterprises in Ugunja Sub, County Siaya County.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	123.282 ^a	48	.000
Likelihood Ratio	49.459	48	.415
Linear-by-Linear Association	11.384	1	.001
N of Valid Cases	77		

a. 59 cells (93.7%) have expected count less than 5. The minimum expected count is .01.

From the results in Table 2, the P-value for the Pearson Chi-Square test for relationship between financial availability and the performance of post retirement business enterprises is 0.000 at 5% level of significance, showing a significant relationship between financial availability and the performance of post retirement business enterprises. These findings are in agreement with the study done by Moores and Mula (1993) who indicated a significant relationship between financial availability and success of business enterprises.

Conclusion

The findings on the effects of financial availability indicated that there was a significant relationship between financial availability and post retirement business performance. This implies that when the business has access to credit facilities, there is financial cash flow and also there is financial reserve then the business has a high chance of doing well because they will be able to stock most of the goods required by customers. This is also supported by World Bank (2014) which stated that the limited access to financial resources by business enterprise generally contributed to their low growth and development.

Recommendation

In regard to the findings, conclusions and the direction from the literature review, it was apparent that financial availability affect performance of post retirement business enterprises therefore the government and other organization should facilitate loans for the retirees to enable them have sufficient funds. Retirees should start retirement planning for retirement the first day they commence employment. They should know that retirement is not an event but a process. Timely saving is paramount for future investment.

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